

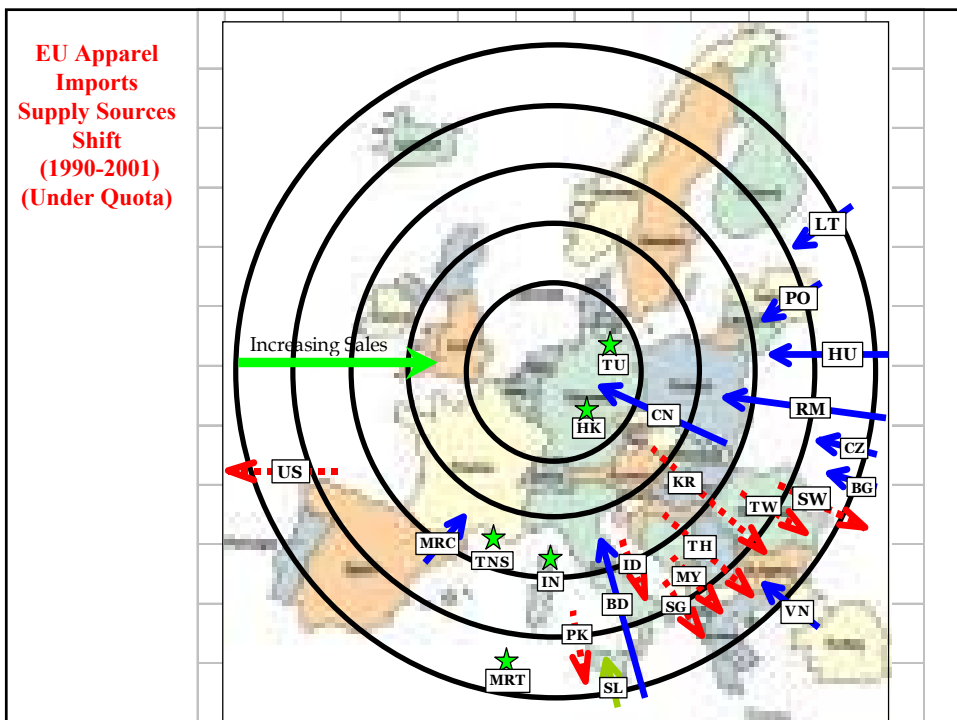
Cambodia's Garment Industry After Year 2005:

*Will Cambodia's garment industry survive after
the 2005 elimination of quota restriction?*

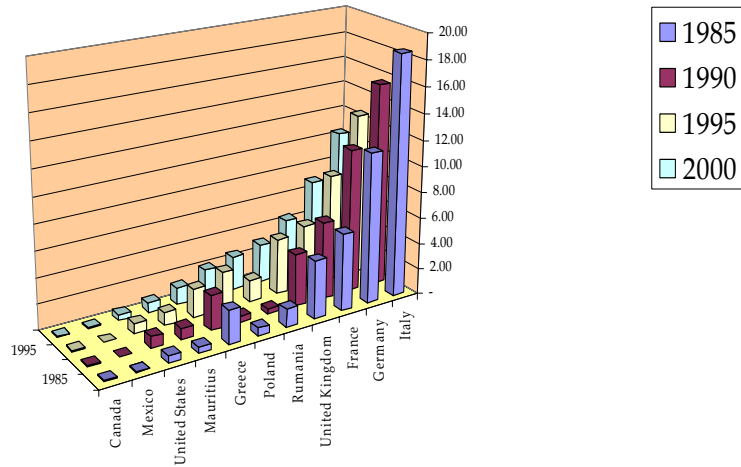
Conference on EIC Research Programme on Cambodia's
Accession to WTO

29 October 2003

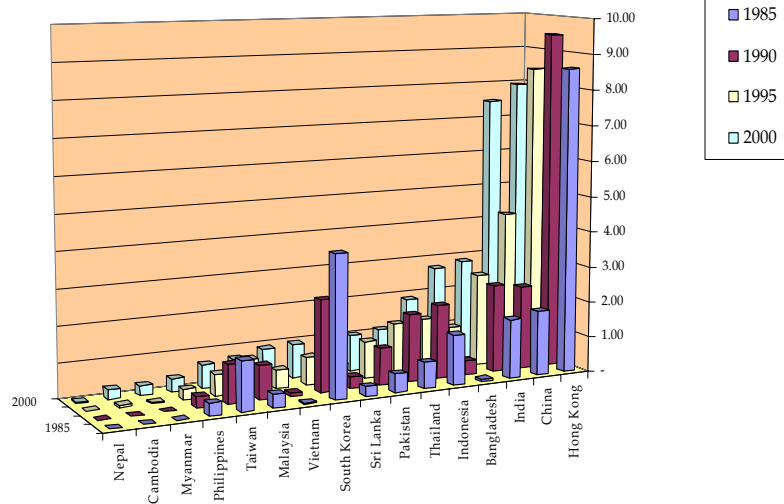
Mr. Ray Chew
Secretary General of GMAC



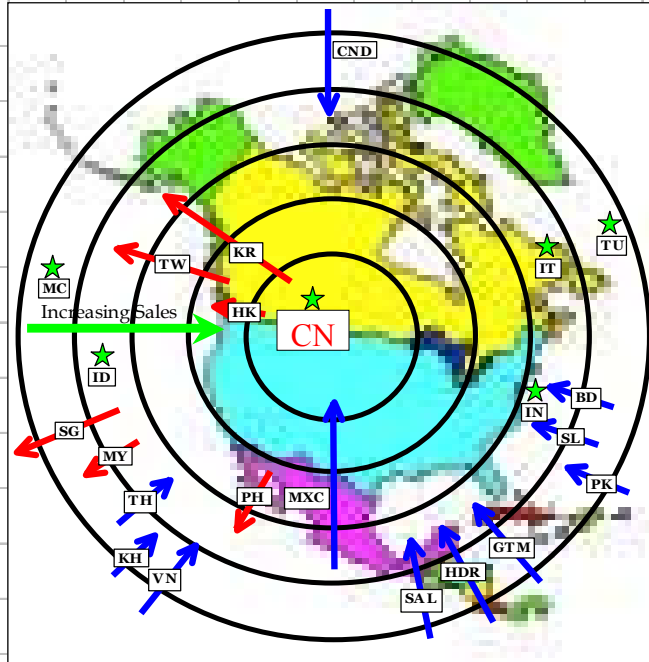
**EU Apparel Imports
Supply Sources Shift (1990-2001)
(Under Quota)
(Europe & North America)**



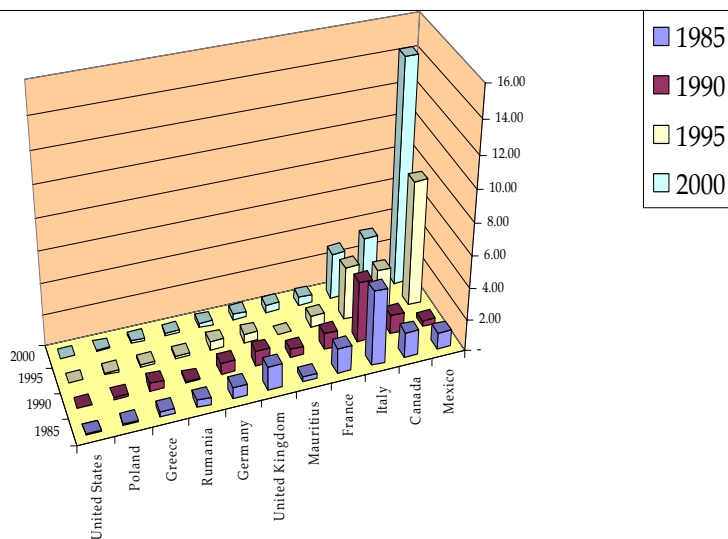
**EU Apparel Imports
Supply Sources Shift (1990-2001)
(Under Quota)
(ASIA)**



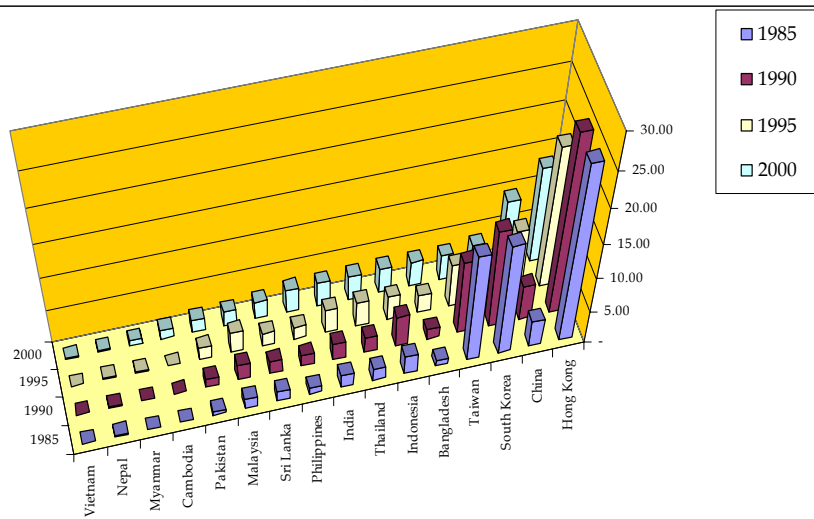
**US Apparel Imports
Supply Sources Shift
(1990-2002)
(Under Quota)**



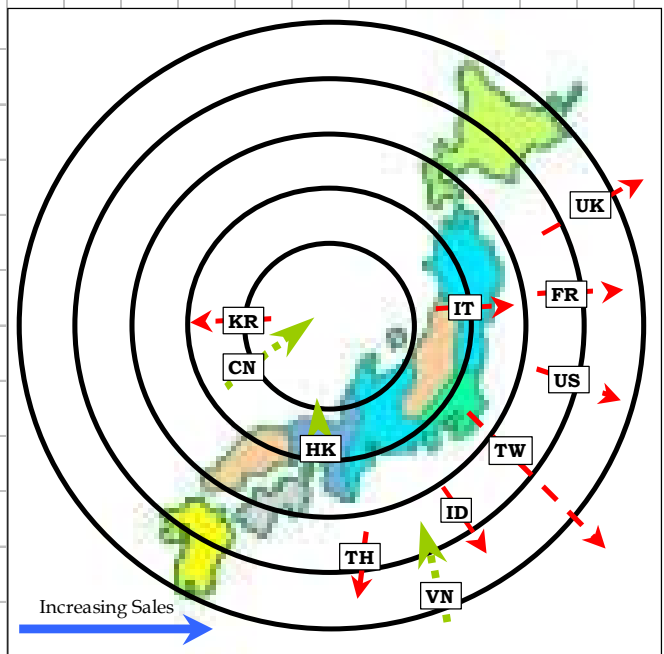
**US Apparel Imports
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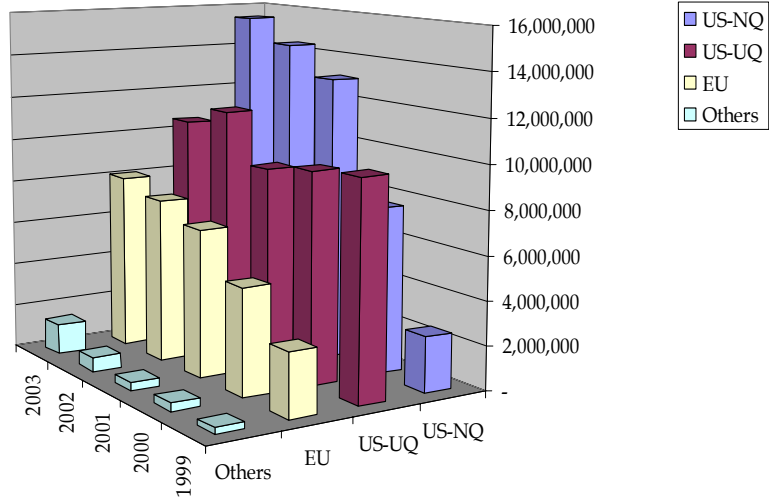
**US Apparel Imports
Supply Sources Shift (1990-2002)
(Under Quota)
(ASIA)**



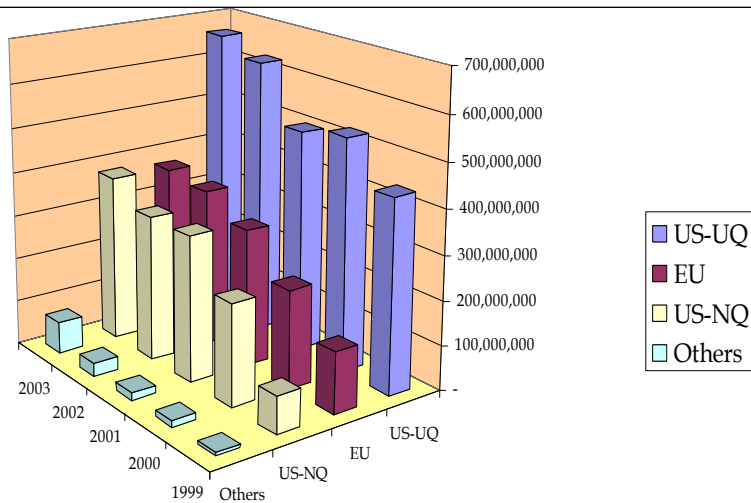
**Japan Apparel Imports
Supply Sources Shift
(1990-2001)
(Quota FREE)**



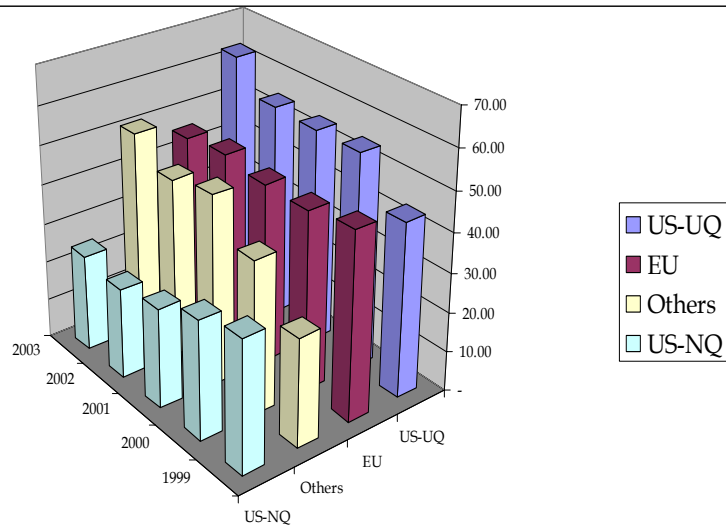
Cambodia Garment Production (1999-2003) Quantities in Dozens



Cambodia Garment Production (1999-2003) Sales in US\$



Cambodia Garment Production (1999-2003) Unit Price in US\$/dz



Comparison of Garment Seamstress Direct Wages

Comparison of Garment Seamstress Direct Wages
(Hourly Rates in US\$, Various Sources)

		Sources			
	Country	BSR	CDRI	Industry	WIC %*
1	India	0.14		0.17	0.38 4%
2	Vietnam	0.16	0.29	0.12	
3	Sri Lanka	0.21		0.35	0.37 3%
4	Pakistan	0.22		0.18	0.29 3%
5	Cambodia	0.23	0.29	0.12	
6	Bangladesh	0.24		0.12	
7	China	0.26		0.40	0.40 5%
8	Indonesia	0.43	0.25	0.15	0.21 2%
9	Mexico	0.48		0.70	1.27 15%
10	Thailand	0.51		0.72	0.51 8%
11	Philippines	0.63	0.88	0.66	

BSR Business for Social Responsibility

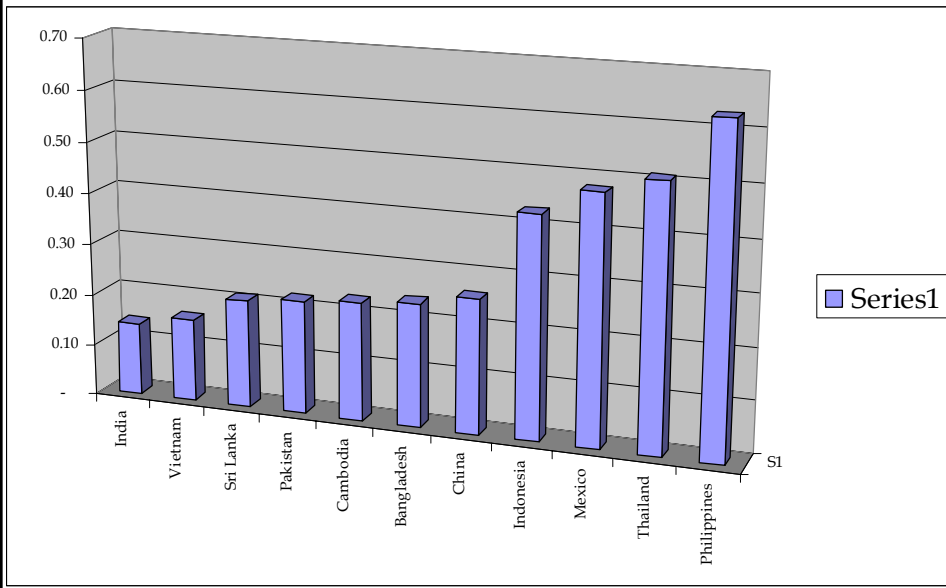
CDRI Cambodia Development Research Institute

Industry An industry source, *anonymous*

WIC Werner International Consulting

%* Non-US seamstress wage expressed as a % of US wage cost.

Comparison of Garment Seamstress Direct Wages (Graphical)



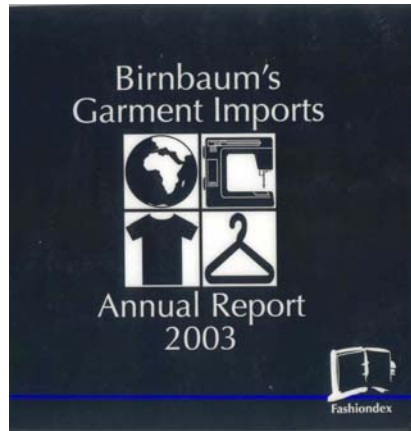
Ratification of Core ILO Conventions

		1	2	3	4	5	6	7	8	All
	Nr of	ILO	ILO	ILO	ILO	ILO	ILO	ILO	ILO	8C
Region	Countries	C-029	C-087	C-098	C-100	C-105	C-111	C-138	C-182	Total
Americas	Brazil	Y		Y	Y	Y	Y	Y	Y	7
	Mexico	Y	Y		Y	Y	Y		Y	6
Asia	Cambodia	Y	Y	Y	Y	Y	Y	Y		7
	China				Y			Y	Y	3
	Malaysia	Y		Y	Y	Y		Y	Y	6
	Thailand	Y			Y	Y			Y	4

Details of Core ILO Conventions:

1	29	Forced Labor								
2	87	Freedom of Association & Right to Organize								
3	98	Right to Organize and Bargain Collectively								
4	100	Equal Remuneration								
5	105	Abolition of Forced Labor								
6	111	Discrimination (Employment & Occupation)								
7	138	Minimum Wage								
8	182	Prohibition & Immediate Elimination of Worst Forms of Child Labor								

What Others Say.....



The (garment) export factories face the greatest challenge of all. 2005 will change their world. MOST FACTORIES WILL NOT SURVIVE.

- 50% of the world's garment making capacity is in excess of demand
- First to close will be those insisting on cheap labor.
- Next, those who insist on competing on their own.

How will Cambodia's garment industry survive?

In its simplest form, a garment industry must go to its customers and ask this question:

“WHAT DO YOU WANT?”

The Employers' Action Plan

World Bank CSR (Corporate Social Responsibility) Unit will conduct a survey of the biggest buyers of made-in-Cambodia garments. (Adidas, Gap, Levi, Nike, etc)

After that:

- ❖ Promote a “national brand” for made-in-Cambodia garments based on compliant labor standards.**
- ❖ Encourage compliant factories by awarding them the “label”.**

The Employees' Contribution

- ✓ Union Federations & Factory level leaders should be more matured and responsible**
- ✓ Be Constructive. Engage in dialog with other stakeholders.**
- ✓ Industrial Actions will bring short term relief but long term loss**
- ✓ Adverse publicity resulting from industrial strife will deter buyers from sourcing in Cambodia**

Thank You.

Hope we meet again in 2005

